

HOUSE OF REPRESENTATIVES

H. No. 10192

---

---

BY REPRESENTATIVES LAGMAN, ALVAREZ (F.), ESTRELLA, SAVELLANO, PINEDA, PADUANO, ROMUALDO, SUNTAY, DY (F.M.C.), FERRER (L.), NOGRALES (J.J.), GARIN (S.), NIETO, OUANO-DIZON, VIOLAGO, CRISOLOGO AND MANGUDADATU, PER COMMITTEE REPORT NO. 1210

---

---

**AN ACT**

**GRANTING CAPRICOM BROADCASTING NETWORK CORP. A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN TABACO CITY, PROVINCE OF ALBAY, AND OTHER AREAS IN THE PHILIPPINES**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

1           **SECTION 1. *Nature and Scope of Franchise.*** – Subject to the provisions of  
2 the Constitution and applicable laws, rules and regulations, there is hereby granted to  
3 Capricom Broadcasting Network Corp., hereunder referred to as the Grantee, its  
4 successors or assignees, a franchise to construct, install, establish, operate, and  
5 maintain for commercial purposes and in the public interest, radio and or television  
6 broadcasting stations in Tabaco, Albay and other areas in the Philippines, where  
7 frequencies and channels are still available for radio and television broadcasting,  
8 including digital television system, through microwave, satellite or whatever means, as  
9 well as the use of any new technology in radio and television systems, with the  
10 corresponding technological auxiliaries or facilities, special broadcast and other  
11 program and distribution services and relay stations, and to install radio  
12 communications facilities for the Grantee’s private use in its broadcast services.

1           **SEC. 2. Manner of Operation of Stations or Facilities.** – The stations or  
2 facilities of the Grantee shall be constructed and operated in a manner as will, at most,  
3 result only in the minimum interference on the wavelengths or frequencies of existing  
4 stations or other stations which may be established by law, without in any way  
5 diminishing its own privilege to use its assigned wavelengths or frequencies and the  
6 quality of transmission or reception thereon as should maximize rendition of the  
7 Grantee’s services and availability thereof.

8  
9           **SEC. 3. Prior Approval of the National Telecommunications Commission.**  
10 – The Grantee shall secure from the National Telecommunications Commission (NTC)  
11 the appropriate permits and licenses for the construction and operation of its stations  
12 or facilities and shall not use any frequency in the radio spectrum without authorization  
13 from the NTC. The NTC, however, shall not unreasonably withhold or delay the grant  
14 of any such authority.

15  
16           In case of any violation of the provisions of this franchise, the NTC shall have  
17 the authority to revoke or suspend, after due process, the permits or licenses it issued  
18 pursuant to the franchise. The NTC may recommend to Congress of the Philippines  
19 the revocation of the franchise for any violation of the provisions of this franchise.

20  
21           **SEC. 4. Responsibility to the Public.** – The Grantee shall provide, free of  
22 charge, adequate public service time which is reasonable and sufficient to enable the  
23 government, through the broadcasting stations or facilities of the Grantee, to reach the  
24 pertinent populations or portions thereof, on important public issues and relay  
25 important public announcements and warnings concerning public emergencies and  
26 calamities, as necessity, urgency, or law may require; provide at all times sound and  
27 balanced programming; promote public participation; assist in the functions of public  
28 information and education; conform to the ethics of honest enterprise; promote  
29 audience sensibility and empowerment including closed captioning; and not use its  
30 stations or facilities for the broadcasting of obscene or indecent language, speech,  
31 act, or scene, the dissemination of deliberately false information or willful  
32 misrepresentation, to the detriment of public interest, or to incite, encourage, or assist  
33 in subversive or treasonable acts.

1 Public service time referred herein shall be equivalent to a maximum aggregate  
2 of ten percent (10%) of paid commercials or advertisements which shall be allocated  
3 based on need to the Executive and Legislative branches, the Judiciary, Constitutional  
4 Commissions, and international humanitarian organizations duly recognized by  
5 statutes: *Provided*, That the NTC shall increase the public service time in case of  
6 extreme emergency or calamity. The NTC shall issue rules and regulations for this  
7 purpose, the effectivity of which shall commence upon applicability with other similarly  
8 situated broadcast network franchise holders.

9  
10 Pursuant to Republic Act No. 8370, otherwise known as the “Children’s  
11 Television Act of 1997”, the Grantee shall allot a minimum of fifteen percent (15%) of  
12 the daily total air time of each broadcasting network or station to child-friendly shows  
13 within its regular programming.

14  
15 **SEC. 5. Right of the Government.** – The radio spectrum is a finite resource  
16 that is part of the national patrimony, and the use thereof is a privilege conferred upon  
17 the Grantee by the State that may be withdrawn any time after due process.

18  
19 A special right is hereby reserved to the President of the Philippines, in times  
20 of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace  
21 and order, to temporarily take over and operate the stations or facilities of the Grantee;  
22 to temporarily suspend the operation of any station or facility in the interest of public  
23 safety, security, and public welfare; or to authorize the temporary use and operation  
24 thereof by any agency of the government, upon due compensation to the Grantee, for  
25 the use of said stations or facilities during the period when these shall be so operated.

26  
27 **SEC. 6. Term of Franchise.** – This franchise shall be in effect for a period of  
28 twenty-five (25) years from the effectivity of this Act, unless sooner revoked or  
29 cancelled. This franchise shall be deemed *ipso facto* revoked in the event the Grantee  
30 fails to comply with any of the following conditions:

- 31  
32 (a) commencement of operations within three (3) years from the approval of  
33 its operating permit by the NTC;

- 1 (b) commencement of operations within five (5) years from the effectivity of  
2 this Act; and  
3 (c) continuous operation for two (2) years.  
4

5 **SEC. 7. Self-regulation by and Undertaking of Grantee.** – The Grantee shall  
6 not require any previous censorship of any speech, play, act or scene, or other matter  
7 to be broadcast from its stations, but if any such speech, play, act or scene, or other  
8 matter should constitute a violation of the law or infringement of a private right, the  
9 Grantee shall be free from any liability, civil or criminal, for such speech, play, act or  
10 scene, or other matter: *Provided*, That the Grantee, during any broadcast, shall cut off  
11 the airing of speech, play, act or scene, or other matter being broadcast if the tendency  
12 thereof is to propose or incite treason, rebellion, or sedition; or the language used  
13 therein or the theme thereof is indecent or immoral: *Provided, further*, That willful  
14 failure to do so shall constitute a valid cause for the cancellation of this franchise.  
15

16 **SEC. 8. Warranty in Favor of the National and Local Governments.** – The  
17 Grantee shall hold the national, provincial, city, and municipal governments of the  
18 Philippines free from all claims, liabilities, demands, or actions arising out of accidents  
19 causing injury to persons or damage to properties, during the construction or operation  
20 of the stations of the Grantee.  
21

22 **SEC. 9. Commitment to Provide and Promote the Creation of Employment**  
23 **Opportunities.** – The Grantee shall create employment opportunities and accept on-  
24 the-job trainees in the franchise operations: *Provided*, That priority shall be accorded  
25 to the residents of the place where the principal office of the Grantee is located:  
26 *Provided, finally*, That the Grantee shall comply with the applicable labor standards  
27 and allowance entitlement under existing labor laws, rules and regulations and similar  
28 issuances.  
29

30 The employment opportunities or jobs created shall be reflected in the General  
31 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission  
32 (SEC) annually.

1           **SEC. 10. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**  
2 **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct of, nor  
3 assign this franchise or the rights and privileges acquired thereunder to any person,  
4 firm, company, corporation, or other commercial or legal entity, nor merge with any  
5 other corporation or entity, nor shall the controlling interest of the Grantee be  
6 transferred, simultaneously or contemporaneously, to any person, firm, company,  
7 corporation, or entity without the prior approval of Congress. The Grantee shall inform  
8 Congress, through the Office of the Speaker of the House of Representatives and  
9 Office of the Senate President, of any sale, lease, transfer, grant of usufruct, or  
10 assignment of franchise or the rights and privileges acquired thereunder, or of the  
11 merger or transfer of the controlling interest of the Grantee, within sixty (60) days after  
12 the completion of the said transaction. Failure to report to Congress such change of  
13 ownership shall render the franchise *ipso facto* revoked. Any person or entity to which  
14 this franchise is sold, transferred, or assigned shall be subject to the same conditions,  
15 terms, restrictions, and limitations of this Act.

16  
17           **SEC. 11. Dispersal of Ownership.** – In accordance with the constitutional  
18 provision to encourage public participation in public utilities, the Grantee shall offer to  
19 Filipino citizens at least thirty percent (30%) of its outstanding capital stocks, or a  
20 higher percentage that may hereafter be provided by law, in any securities exchange  
21 in the Philippines within five (5) years from the effectivity of this Act: *Provided,* That in  
22 cases where public offer of shares is not applicable, other methods of encouraging  
23 public participation by citizens and corporations operating public utilities must be  
24 implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

25  
26           **SEC. 12. Reportorial Requirement.** – The Grantee shall submit an annual  
27 report on its compliance with the terms and conditions of the franchise and on its  
28 operations to the Congress of the Philippines, through the Committee on Legislative  
29 Franchises of the House of Representatives and the Committee on Public Services of  
30 the Senate, on or before April 30 of every year during the term of its franchise.

31  
32           The annual report shall include an update on the commencement of activities,  
33 development, operation, and expansion of business; audited financial statements;  
34 latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the

1 status of its permits and operations; and an update on the dispersal of ownership  
2 undertaking, if applicable.

3  
4 The reportorial compliance certificate issued by Congress shall be required  
5 before any application for permit or certificate is accepted by the NTC.

6  
7 **SEC. 13. *Fine.*** – The failure of the Grantee to submit the requisite annual report  
8 to Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working  
9 day of noncompliance to the NTC. The fine shall be collected separately from the  
10 reportorial penalties imposed by the NTC, and it shall be remitted to the Bureau of the  
11 Treasury.

12  
13 **SEC. 14. *Equality Clause.*** – Any advantage, favor, privilege, exemption, or  
14 immunity granted under existing franchises, or which may hereafter be granted for  
15 radio and television broadcasting, upon prior review and approval of Congress, shall  
16 become part of this franchise and shall be accorded immediately and unconditionally  
17 to the herein Grantee: *Provided*, That the foregoing shall neither apply to nor affect the  
18 provisions of broadcasting franchises concerning territorial coverage, the term, or the  
19 type of service authorized by the franchise.

20  
21 **SEC. 15. *Repealability and Nonexclusivity Clause.*** – This franchise shall be  
22 subject to amendment, alteration, or repeal by Congress when the public interest so  
23 requires and shall not be interpreted as an exclusive grant of the privileges herein  
24 provided for.

25  
26 **SEC. 16. *Separability Clause.*** – If any of the sections or provisions of this Act  
27 is held invalid, all other provisions not affected thereby shall remain valid.

28  
29 **SEC. 17. *Repealing Clause.*** – All laws, decrees, orders, resolutions,  
30 instructions, rules and regulations, and other issuances or parts thereof which are  
31 inconsistent with the provisions of this Act are hereby repealed, amended, or modified  
32 accordingly.

1           **SEC. 18. Effectivity.** – This Act shall take effect fifteen (15) days after its  
2 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,